ADDITIONAL VIEWS
OF
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When the Committee began its investigation into campaign finance abuses last year, some of us said that the real problems with the 1996 campaign were not, for the most part, what was illegal, but what was legal. The Committee investigation proved that to be true. While illegal foreign contributions and contributions made in the name of another found their way into both political parties, the bulk of the activity which came under public scrutiny involved candidate and party conduct that was legal, including the solicitation and receipt of soft money contributions in massive amounts clearly violating the intent of legislated contribution limits; the intentional misuse of so-called issue advocacy commercials to elect or defeat a particular candidate; and the blatant offers of access in exchange for contributions.

Yet back in March of 1997, we had to fight to have these activities included in the scope of the Committee's investigation. The Republican leadership at that time was committed to limiting the scope of the Committee's investigation to activities that were already illegal and excluding activities that should be illegal. In the end, Members on both sides of the aisle fought to defeat that limitation and to include "improper," as well as illegal, activities within the jurisdiction of the Committee's work.

The significance of that issue becomes apparent when we look at what we learned from this investigation: the driving force behind most of the conduct we investigated in the 1996 federal elections is the currently legal chase for large donations of money -- soft or unrestricted money -- which could be used to pay for the activities of the national parties on behalf of their candidates, outside the contribution and expenditure limits of the federal election laws.

Restrictions that apply to contributions of hard money -- for example, prohibitions on contributions in the name of another and solicitations of persons on federal property -- don't even apply to soft money. And the various uses of soft money -- issue ads designed and used to support or defeat specific candidates; contributions of soft money to non-profit organizations; and coordination of the expenditure of soft money between candidates and their parties -- slip under and between the current prohibitions in federal election laws.

The Republican leadership did not want to face the reality of the role of soft money in the 1996 elections, because the Republican leadership did not want to fuel the fire for campaign finance reform. But the reality of our campaign finance system could not be avoided, and, in the end the real message of the 1996 elections has been the evasion of our campaign finance laws through the solicitation and use of large amounts of soft money.

Tamraz Is a Bipartisan Problem

Roger Tamraz, a large contributor to both parties, became the bipartisan symbol for what's wrong with the current system. Roger Tamraz served as a Republican Eagle in the 1980s during Republican Administrations and a Democratic Trustee in the 1990s during Democratic Administrations. Tamraz's political contributions were not guided by his personal support for or against the person in office; Tamraz was unabashed in admitting his political contributions were made for the purpose of getting access to people in power. Tamraz showed us in stark terms the all-too-common product of the current campaign finance system -- using unlimited soft money contributions to buy access. And despite the condemnation by the Committee and the press of Tamraz's activities, when asked at the hearing to reflect on his $300,000 contribution in 1996, Tamraz spoke plainly when he said, "I think next time, I'll give $600,000." He spoke plainly, because he knows selling access is legal and he told us as much. He said, "[Y]ou set the rules, and we are following the rules. ...this is politics as usual. What is new?"

Ironically and poignantly, while Republican Committee members criticized the access Tamraz obtained to the Clinton White House in the face of the opposition of the National Security Council, we learned that the Republican Party was simultaneously soliciting Tamraz to be a special donor to Republican campaign efforts.

Tamraz received the solicitation in early 1997 from the National Republican Senatorial Committee to join the "exclusive Republican Senatorial Inner Circle." The invitation was signed by Majority Leader Trent Lott, and stated at the end, "I look forward to meeting you personally and formally welcoming you to the Inner Circle in the near future." The letter said Tamraz was being nominated to fill one of the "28 Inner Circle nominations open in New York." On February 18th, Tamraz got a follow-up letter from Senator Mitch McConnell, Chairman of the Republican Senatorial Inner Circle. Senator McConnell, referring to the earlier letter from Majority Leader Lott, wrote:

> "The Inner Circle Leadership Committee placed your name in nomination to receive this honor at our last meeting based on the fact that your personal accomplishments and your proven commitment to our Party will make you a perfect Inner Circle Member."

The letter promised Tamraz that once he "signs on" to become a member of the Inner Circle, he will receive invitations "twice a year to attend high-level Washington policy briefings, receptions and special dinners" with Republican Senators "as well as the top leaders of the Republican Party." Included, according to the letter, would be "the entire Republican Senate leadership of Senate Chairmen and Subcommittee Chairmen who are driving the national Republican agenda." The letter also promised "an exclusive dinner where the Republican Senate leadership will honor you as a new Inner Circle member."

These offers of special access to leading Republican officials in return for contributions to the Republican Party were made to the very same man Republican Committee Members were saying should not have been allowed in the White House.

Lack of Balance

The failure to acknowledge the Republican side of the Tamraz problem was symptomatic of the Committee's entire investigation. Throughout the investigation, the Majority was unwilling to see or to admit that the problems caused by the chase for soft money under our current campaign finance system are problems of both parties. The curse of soft money has caused good people in both parties to push the limits, not because the persons involved have an insatiable "thirst for money," but because, to succeed, the current campaign finance system leads to an unending chase for money. While few candidates or party officials would knowingly risk defeat by engaging in illegal campaign conduct, many candidates and party officials from both parties are willing to use available, legal loopholes to raise the huge sums of money needed to stay competitive.

In the same way that the Majority loudly condemned Tamraz's relationship to the Democratic Party, while treating his relationship to the Republican Party with silence, the entire investigation lacked balance. It lacked a balanced presentation of the evidence, a balanced presentation of the issues, a balanced presentation of the involvement of both parties.

Republican Campaign Conduct

Despite evidence that some campaign practices by the Republican National Committee took loopholes in the law even further than the Democratic National Committee, the Committee chose not to examine such information in public hearings, other than with respect to the National Policy Forum. One example is the open offer of access for contributions.

Harold Ickes, White House deputy chief of staff, testified that the Democrats learned about offering access in exchange for campaign contributions from longstanding Republican practice. The most blatant example of this Republican practice was a fundraising document prepared and issued by the Republican Party in connection with the 1992 Republican President's Dinner, an event attended by President Bush. It lists so-called "benefits" available to persons who contribute or raise certain amounts of money for the Republican Party by buying or selling tickets to the Dinner. Top contributors and fundraisers get a private reception hosted by President Bush at the White House. They get a reception hosted by the President's Cabinet. They get a luncheon at the Vice President's residence hosted by Vice President Quayle. At the end of the invitation are these words: "Note: Attendance at all events is limited. Benefits based on receipts." In other words, it's only when the Republican Party gets the contributions in hand, that the benefits become available. That's how far this system went **before** President Clinton became President -- the direct sale of access to President Bush, Vice President Quayle, and top government officials in exchange for large campaign contributions.

This fundraising tactic is not, of course, unique to 1992. In 1995, an invitation to join the Republican Congressional Forum states that contributors who pay a $25,000 membership fee get a host of "membership benefits," including "monthly private dinners with the Chairmen and Republican Members of key Congressional Committees."

In 1997, in the midst of the Committee's investigation and public criticism of fundraising excesses, the Republican Party issued a RNC Annual Gala invitation listing the same types of "benefits" for contributors and fundraisers. The invitation offers persons who contribute or raise at least $250,000, for example, a future breakfast with Senate Majority Leader Trent Lott and House Speaker Newt Gingrich, and a future lunch with the House or Senate Committee Chairman **of the contributor's choice**.

Such offers of access, like the DNC's excessive use of the White House, are not illegal, but they do create an appearance that access to elected officials is for sale. Making such offers of access illegal would be constitutionally difficult, since elected leaders must have access to their constituents and the public, whether or not they have contributed to their campaign. It would also defy common sense to bar elected officials from speaking to or meeting with their financial supporters. But like so much else in public life, there are appropriate limits to conduct that should or could be self-regulated, requiring the use of good judgment and common sense. The problem is a bipartisan one, and although the Majority shrinks from acknowledging that the Republican Party also sold access in exchange for campaign contributions, the public knows both parties did it. By ignoring that reality, the Majority diminishes the value and credibility of both the Committee hearings and the Majority Report.

Another practice of concern during the 1996 elections was the degree to which the RNC coordinated campaign activities with outside organizations which held themselves out as independent and, in many cases, nonpartisan. As described in the Minority Report, but never examined in a Committee hearing, the Republican National Committee spent millions of dollars financing the election-related activities of some key groups. The RNC gave over $4.6 million to Americans for Tax Reform, an allegedly independent, nonpartisan tax-exempt organization, which then used the money to advance the Republican agenda and Republican candidates, in coordination with the RNC. If the DNC had given $4.6 million to a labor union or environmental group in the month before the 1996 election -- an unprecedented transfer of funds by a political party -- I have no doubt that there would have been a searching investigation of the facts, if not full scale public hearings, which would have been appropriate. But here -- where the money was paid by the RNC to a pro-Republican tax-exempt organization -- not a single hearing witness was called. Worse, the Committee never interviewed a single person from either the RNC or Americans for Tax Reform about the $4.6 million.

Internal RNC documents show that the RNC also explicitly planned to raise millions of dollars from third parties for outside pro-Republican groups, analyzed whether contributions would be tax deductible and whether they would have to be publicly disclosed, then actually collected and delivered specific checks from third parties to such organizations as Americans for

Tax Reform, the American Defense Institute and National Right to Life Committee. The Minority Report also describes specific instances in which the RNC itself coordinated election-related activities with particular organizations, as well as instances in which pro-Republican entities, such as Triad Management, Coalition for Our Children's Future and the Christian Coalition, engaged in election-related activities in possible violation of federal election laws. Not one of these activities was examined in a Committee hearing.

The Majority ignored these serious evasions of the law and focused, instead, on one instance in which Harold Ickes identified three possible non-profit organizations to which a potential contributor could make a tax deductible contribution. The Committee called a witness of questionable credibility to lay out the incident, without calling Mr. Ickes at the same hearing to provide his side of the story. Instead of looking at the extensive activities of the RNC in orchestrating support for Republican candidates among non-profit organizations in which millions of dollars changed hands, the Majority focused its fire on one incident involving proposed contributions that never actually took place. The Committee held an entire day of hearings on the Ickes' incident; it refused to call even one witness to testify about the RNC's systematic efforts to finance tax-exempt organizations supporting Republican candidates.

The Committee's kid-glove treatment of RNC and Dole campaign officials further demonstrates the imbalance. In the nine months of the investigation, only 2 RNC officials were deposed and they answered questions only on the National Policy Forum. The Committee never deposed or took hearing testimony from a single RNC official on RNC policies or practices. The finance director of the DNC was deposed and testified publicly at length; the finance director of the RNC did neither. The general counsel for the DNC was deposed and testified publicly at length; the general counsel for the RNC did neither. Top officials of the Clinton campaign answered hundreds of questions at sworn depositions; not a single official from the Dole campaign ever answered a single question from this Committee.

Thus, when the Majority Report states that, "Based on the available evidence, the Committee finds no basis for concluding that any illegal coordination between the RNC and Dole campaign took place," the "available evidence" conveniently did not include any interviews of RNC or Dole campaign officials about these topics. This Committee has, in fact, concluded its investigation into the 1996 elections without ever asking the RNC or Dole campaign about soft money, coordination, issue ads, tax-exempt organizations, contribution laundering or any other campaign matter, other than the National Policy Forum.

Having won the battle to conduct a broad investigation into both illegal and improper campaign activity, those of us who thought the result would be a bipartisan investigation, in the end, lost the war. The Majority focused its investigative power almost exclusively on the Democratic Party, providing the American people with a one-sided view that failed to communicate the whole truth -- a campaign finance breakdown taken advantage of by both parties.

Democratic Campaign Conduct

Even the Committee's examination of Democratic campaign conduct was, all too often, one-sided. On several occasions, Democratic Committee Members requested specific witnesses to provide a more balanced presentation of the facts, but our requests were denied. For example, for the hearing on the Hsi Lai Temple, we asked that Ladan Manteghi, the key scheduler on the staff of the Vice President, be called as a witness. She would have testified unequivocally and convincingly that she, the Vice President's office and the Vice President himself understood the Temple event to be a community outreach event and not a fundraiser. Manteghi was not called. Her testimony is quoted at length in the Minority Report, but was never presented to the American people during the key hearing on this event.

On other occasions, the Majority failed to call key witnesses with important information. For example, a key issue associated with John Huang involved his use of the Stephens office. Vernon Weaver, head of the Stephens' Washington office and the person responsible for giving Huang permission to use it, was interviewed by the Committee but never called as a witness to answer questions about Huang's conduct. According to his interview, Weaver would have testified that he had known Huang for years from Arkansas, Huang routinely used the Stephens' Washington office well before becoming a Commerce Department employee, and Huang never did anything that made Weaver concerned that he might be engaging in wrongdoing.

Still another example of imbalance involves videotapes of President Bush's fundraising events in the White House. Despite claims by some Committee Members that the Clinton Administration's use of the White House for fundraising purposes was "unprecedented," the Majority refused repeated requests by the Minority to join in a request to the Bush Library for copies of those tapes. The Majority's failure to pursue or to allow the examination of information that might demonstrate both parties using the White House in the same manner is another glaring instance in which the Committee declined to present the whole truth about campaign conduct in this country.

The China Plan

The Majority's investigation into the China Plan is one of the most disturbing examples of partisanship overwhelming the treatment of an important issue that should have been handled in a careful, bipartisan manner and presented in a balanced way to the American public. The origin of this plan was the Chinese Government's perception, following the 1995 congressional resolution advocating that Taiwanese President Lee be permitted to visit the United States, as well as President Lee's subsequent visit, that Congress and state officials were more influential in foreign policy decisions than the Chinese Government had previously determined. Consequently, the China Plan was designed to increase the Chinese Government's influence with the United States Congress and state legislatures; it was not designed to affect the 1996 presidential race.

The Majority Report mischaracterizes existing evidence regarding the focus and intent of

the China Plan when it speaks of the China Plan in the context of the 1996 presidential election. None of the information the Committee obtained suggests that the China Plan targeted the presidential campaign. While there is direct evidence that the China Plan targeted state and congressional races**,** there is, again, no such direct evidence regarding the presidential elections. Yet, the Majority takes the China Plan, mixes it with evidence of contributions from foreign sources to the Democratic National Committee, and then improperly concludes that the two are linked, stating that the Committee's investigation suggests that "China's efforts involved the 1996 Presidential race."

The Majority Report begins its description of the China Plan by citing early 1997 newspaper articles based on unnamed sources. The only evidence cited in the Majority's Chapter to substantiate the allegation that China's effort involved the 1996 presidential race is a reference to "fragmentary reporting" by a "U.S. agency" that relates to "China's efforts to influence the U.S. Presidential election." The Majority Report states that, because the information -- which is "fragmentary" -- is "part of a criminal investigation," it "cannot be discussed" further.

In the absence of direct evidence supporting the allegation that the China Plan targeted the presidential election, the Majority Report tries to connect six DNC contributors to the People's Republic of China (PRC). To do so, because the six individuals have links to Taiwan, Macao or Hong Kong, the Majority states that some of their DNC contributions used funds from "bank accounts in the Greater China area." The Majority Report defines "Greater China" as "territories claimed or recently acquired by the PRC, including Hong Kong, Macao, and the Republic of China on Taiwan." While in the context of economic, cultural or other common interests, it may be acceptable to use the term "Greater China" to refer in one phrase to all four areas, in the context of allegations that individuals are acting as agents of the Government of the People's Republic of China, the use of this phrase is inappropriate, unfair and misleading.

The Majority claims, for example, that contributions to the DNC using funds from bank accounts in Taiwan, Macao or Hong Kong are evidence of possible ties to the China Plan. Following that logic, why not put Haley Barbour on the list of possible PRC agents, since he solicited $2 million in collateral from Ambrous Young of Hong Kong; and why not add Simon Fireman, a national vice chair of the Dole campaign, who funded employee contributions using a company he owned in Hong Kong. After all, it is undisputed that Ambrous Young accompanied Haley Barbour on a trip to China in late 1995, in which they met with Chinese officials, including the Chinese Foreign Minister. Simon Fireman wired funds from Hong Kong to the United States for the express purpose of funding illegal contributions to the Dole campaign. By the Majority's standard, such actions are equally likely to be part of the China Plan.

Aside from bank account information and without going into the Majority's evidence with respect to each of the six individuals, a few items are worth noting. With respect to Maria Hsia, the Majority Report states that Hsia "has been an agent of the Chinese government ... [and] has attempted to conceal her relationship." Substantiation for that serious charge consists of the words, "The Committee has learned." The Majority Report makes no mention of Hsia's sworn

affidavit denying the charge, and explaining that her family's support for Taiwan is longstanding and deep, and that her immigration work has put her in contact with the PRC government only on behalf of her immigration clients. Nor does the Majority Report offer any explanation why a person with strong ties to Taiwan and who has worked to introduce Taiwanese leaders to U.S. officials would act as an agent of the Chinese Government to influence U.S. elections.

The Majority Report links Huang to the PRC by the following sentence: "A single piece of unverified information shared with the Committee indicates that Huang himself may possibly have had a direct financial relationship with the PRC government." The thinness of the evidence and the tenuousness of the statement itself demonstrate how little may responsibly be drawn from the information before the Committee.

The Majority freely uses speculation and innuendo to make numerous serious charges throughout the Chapter, unaccompanied by documentation or support. Take for example: "The source of the Temple's money is believed to be Buddhist devotees and **may** derive from overseas." "Many of these activities **may or may not** have been part of a single, coordinated effort. Regardless, a coordinated approach **may have** evolved over time." "Other efforts, though undertaken by PRC government entities, **have been characterized as rogue** activities." "It **appears** that the PRC money was in fact used to make or reimburse a contribution to Wong in the amount of $5,000." "Huang himself **may possibly** have had a direct financial relationship with the PRC government." "It is **likely** that the PRC used intermediaries, particularly with regard to political contributions."

Weaving together this web of possibilities, the Majority attempts to create a conspiracy by the six individuals it has identified and the PRC. The Report's analysis is strewn with words like "suggest," "seemingly," "possible," "possibly related," "suspected," "alleged," with conjecture layered upon conjecture. The unsubstantiated claims in the Majority Report do not meet the standards of proof and responsibility expected of a U.S. Senate Committee. Nor does it serve the Senate or the American people to be so loose with facts and conclusions, particularly when it comes to suggesting political activity by United States citizens against the interests of the United States.

The Majority Report's analysis is further undermined by lapses in its examination of key figures. To establish a link between the China Plan and campaign contributions, the Majority used public hearings to get at the facts regarding campaign contributions and fundraising efforts by John Huang, the Riadys, Maria Hsia and Charlie Trie. But with respect to the key figure of Ted Sioeng, a person linked to campaign contributions made to both Republicans and Democrats, the Majority balked -- it held no public hearing.

The Committee had important information, for example, establishing that Matt Fong, the Republican Treasurer of the State of California, solicited and received contributions totalling $100,000 from Ted Sioeng. There is also evidence that Fong was involved in a solicitation of a $50,000 contribution for the National Policy Forum, an arm of the Republican National

Committee, along with Joseph Gaylord and Steve Kinney, aides to the Speaker of the House Newt Gingrich. Fong arranged for Sioeng to meet and have his picture taken with Speaker Gingrich in Washington, D.C., and Fong accompanied Sioeng to that meeting with the Speaker. The Committee also was in possession of a photograph that appeared in a Chinese-American newspaper in California of a luncheon attended by Speaker Gingrich, Sioeng and other Asian Americans shortly after the $50,000 contribution to the National Policy Forum. Yet the Committee never called Fong as a witness at a hearing to learn more about Sioeng and any possible connection to the China Plan. Nor did the Committee call Gaylord or Kinney as hearing witnesses. Nor did the Majority ever hint in any public hearing that the China Plan had a Republican component. Conspicuously missing from the Majority's Chapter on the China Plan, despite its relevance, is any mention of Fong, who is now running for the Republican nomination to be a U.S. Senator from California.

What is particularly disturbing about the Majority's failure is the fact that we know the China Plan explicitly focused on state candidates. As the Majority itself says in its Report, one of the "several activities China undertook to influence our political processes during the 1996 election cycle" was that a "PRC government official devised a seeding strategy, under which PRC officials would organize Chinese communities in the U.S. to encourage them to promote persons from their communities to run in certain state and local elections." So despite a major contribution to a state candidate by the person most closely identified as having a financial connection to the PRC, the Committee didn't pursue it. The glaring omission from the Majority's China Plan Chapter of any mention of Sioeng's contributions to Fong or meetings with Speaker Gingrich speaks volumes about the Majority's partisan approach to the China Plan.

The China Plan Chapter in the Majority Report makes a partisan stretch, using innuendo and hypothesis, to connect the China Plan to campaign misconduct in the presidential election, yet ducks discussing evidence connecting the China Plan with state and congressional campaigns because that evidence would involve Republicans. The Majority Report concocts a place called the "Greater China area," lumping together the People's Republic of China, Taiwan, Macao and Hong Kong as though they had the same interests, to try to link the China Plan to DNC contributions. The China Plan did not receive the careful, bipartisan, balanced treatment warranted.

Need for Reform

In the end, despite all the efforts of the Republican Majority to focus on illegalities, one message from the 1996 campaign dominates -- the need to reform the federal campaign finance system. The system is broken and in desperate need of repair.

The first priority should be to eliminate the raising and spending of soft money by both parties. As the Supreme Court said in Buckley v. Valeo when it upheld contribution limits:

> Under a system of private financing of elections, a candidate lacking immense personal or family wealth must depend on financial contributions from others to provide the resources necessary to conduct a successful campaign. ... To the extent that large contributions are given to secure political quid pro quo's from current and potential office holders, the integrity of our system of representative democracy is undermined. ... Of almost equal concern is ... the impact of the appearance of corruption stemming from public awareness of the opportunities for abuse inherent in a regime of large individual financial contributions. ... Congress could legitimately conclude that the avoidance of the appearance of improper influence 'is also critical ... if confidence in the system of representative government is not to be eroded to a disastrous extent.'

As enacted, the campaign finance laws' contribution limits never contemplated individual, corporate or union contributions of $100,000, $1 million or more, creating the expectation, actual or perceived, that these enormous sums were being repaid with something more than a thank-you note or attendance at a large banquet.

In tandem with a ban on soft money, we must also tackle the problem of so-called issue ads. The most vicious combination in the 1996 election season was the use of huge contributions unregulated by federal election laws to pay for candidate attack ads mislabelled as issue ads. This combination encapsulates for me, more than any other single image, the collapse of our campaign finance system and the rock-bottom need for reform.

We identified numerous examples of political advertisements which attacked candidates by name, but claimed to be issue discussions outside the law's limits on contributions. These candidate attacks ads were broadcast by parties, companies, unions and interest groups of all kinds on behalf of both parties. The Annenberg Public Policy Center estimates that parties and outside groups spent at least $135 million broadcasting these ads, almost 90 percent of which named candidates while sidestepping the contribution limits and disclosure requirements that are the bedrock of our campaign laws.

Issue ads have been compared to drive-by shootings in which the sponsor of the attack is neither known nor held accountable. And they are using unlimited and unregulated money to pay for it.

Congress cannot get off the hook by using its investigative powers to point fingers at campaign improprieties, while avoiding its share of the blame for failing to close the loopholes and reinvigorate federal campaign finance laws. Congress alone writes the laws, and we have no one to blame but ourselves for the sorry state of the federal election laws. It is not enough to know that the system is broken and lament that condition; Congress must also fix it. That is our legislative responsibility. Without legislative reform, we will be haunted by the words of Roger Tamraz that in the next election, he will give $600,000 to buy access to a candidate and will do so legally.